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# Fiscal Notes Overview

Legislative Budget Board  
86<sup>th</sup> Regular Session

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# Fiscal Notes

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## **Government Code, Chapter 314: Fiscal Notes and Cost Projections:**

System of Fiscal Notes. The Legislative Budget Board shall establish a system of fiscal notes identifying the probable costs of each bill or resolution that authorizes or requires expenditures or diversion of state funds for a purpose other than one provided for in the general appropriation bill.

### **Rules:**

Under House rules, if a fiscal note is required it must be distributed before the bill or joint resolution can be laid out before a committee. Under Senate Rules, a fiscal note is required prior to a final vote by a committee to report any bill or joint resolution.

### **Definition:**

A fiscal note is a written estimate of the costs, savings, revenue gain, or revenue loss that may result from implementation of a bill or joint resolution. It serves as a tool to help legislators better understand how a bill might impact the state budget as a whole, individual agencies, and in some instances, local governments. The Legislative Budget Board (LBB) does not prepare fiscal notes for simple or concurrent resolutions, only for bills and joint resolutions.

### **Types:**

- Fiscal Implication (Cost/Savings/Gains/Loss)
- No Significant Fiscal Implication (NSFI)
- No Fiscal Implication (NFI)

## Fiscal Implication

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 28, 2011

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: SB4 by Shapiro (Relating to certification, performance, continuing education, and appraisal of public school teachers.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB4, As Introduced: a negative impact of (\$4,587,772) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$2,949,668)
2013	(\$1,638,104)
2014	(\$1,162,490)
2015	(\$552,170)
2016	(\$552,170)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund <sup>1</sup>	Change in Number of State Employees from FY 2011
2012	(\$2,949,668)	12.5
2013	(\$1,638,104)	13.5
2014	(\$1,162,490)	4.5
2015	(\$552,170)	3.5
2016	(\$552,170)	3.5

Fiscal Analysis:

The bill would create a non-renewable provisional certificate for educators who have not been previously certified in Texas and who successfully complete all requirements for educator certification that is valid for three years from the date of issue.

## No Significant Fiscal Implication

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 22, 2011

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB35 by Menendez (Relating to extending a local behavioral health intervention pilot project.), As Introduced

No significant fiscal implication to the State is anticipated.

The bill seeks a two year continuation of the BexarCares pilot project in Bexar County, enacted under House Bill 1232 by the 81st Texas Legislature. BexarCares established a local behavioral health intervention project for children in Bexar County and was funded in part by the Department of State Health Services (DSHS). It is assumed any funds needed to continue the pilot project for the next two years can be absorbed within existing DSHS resources.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 537 State Health Services, Department of  
LBB Staff: JOB, CL, MB, JF, NB

# LBB Staff and Fiscal Notes

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- All budget, performance, and cross-functional staff are significantly involved in the fiscal note process, along with a number of support staff.
- Process is managed overall by Scott Dudley, Manager of the Revenue & Estimates Team.
- During session, there are 10 fiscal note coordinators who work as the liaisons to and among legislative committees, agencies, and LBB staff on fiscal note production. Some of these staff are session-only.
- There are 32 House standing committees and 15 Senate standing committees; so each coordinator works with multiple committees.
- Fiscal notes are drafted by LBB analyst (all analytical teams), and are assigned on the basis of subject-matter expertise.

# Impact statements

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## **Definition:**

Impact statements provide very specific analysis relevant to particular subject areas; the statement's contents go beyond what would be contained in a fiscal note.

- Actuarial Impact Statement
- Criminal Justice Policy Impact Statement
- Equalized Education Funding Impact Statement
- Higher Education Impact Statement
- Open Government Impact Statement
- Tax/Fee Equity Notes
- Water Development Policy Impact Statement

## **Rules:**

- Under Senate rules, the director of the LBB determines whether an impact statement is required (fiscal note coordinators make the requests on behalf of the director).
- Under House rules, the committee chair makes the determination.

LEGISLATIVE BUDGET BOARD  
Austin, Texas

Criminal Justice Impact Statement

CRIMINAL JUSTICE IMPACT STATEMENT

82ND LEGISLATIVE REGULAR SESSION

March 7, 2011

**TO:** Honorable Pete Gallego, Chair, House Committee on Criminal Jurisprudence

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HB41** by Menendez (Relating to the penalty for certain conduct constituting an offense for false report to peace officer or law enforcement employee.), **As Introduced**

The bill would amend the Penal Code to make providing a false statement during a criminal investigation to a peace officer or law enforcement employee in which it is alleged that a peace officer engaged in conduct constituting a felony be punishable as a state jail felony. At present, making a false report to a peace officer or law enforcement employee is punishable as a Class B Misdemeanor.

A Class B Misdemeanor is punishable by confinement in county jail for a term not to exceed 180 days and/or a fine not to exceed \$2,000. A state jail felony is punishable by confinement in a state jail for a term from 180 days to 2 years and, in addition to confinement, an optional fine not to exceed \$10,000 or Class A Misdemeanor punishment (mandatory post conviction community supervision).

Expanding the list of behaviors for which a penalty is applied for any criminal offense or increasing the penalty for any criminal offense is expected to result in increased demands upon the correctional resources of counties or of the State due to longer terms of probation, or longer terms of confinement in county jail, state jail or prison. When an offense is changed from a misdemeanor to a felony, there is a transfer of the burden of confinement of convicted offenders from the counties to the State.

The impact of the bill on correctional populations would depend on how many persons would be affected under the enhancement provision and whose offense, currently punishable as a Class B Misdemeanor, would be punishable as a state jail felony. In fiscal year 2010, approximately 629 people were arrested and 230 of those arrested in fiscal year 2010 were placed on misdemeanor community supervision for the offense of false report to peace officer or law enforcement employee. For this analysis it is assumed the number of offenders convicted under this statute would not result in a significant impact on the programs and workload of state corrections agencies or on the demand for resources and services of those agencies.

**Source Agencies:**

**LBB**  
**Staff:** JOB, GG, LM, ADM

LEGISLATIVE BUDGET BOARD  
Austin, Texas

Tax/Fee Equity Note

TAX/FEE EQUITY NOTE

82ND LEGISLATIVE REGULAR SESSION

March 25, 2011

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HB2048** by Lyne (Relating to the collection and enforcement of state and local hotel occupancy taxes.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source Agencies:**

**LBB Staff:** JOB, KK

# Important Dates for the Legislative Process

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- ▶ Prefiling Begins
  - November 12, 2018
- ▶ Session Begins
  - January 8, 2019
- ▶ Bill Filing Deadline
  - March 8, 2019
- ▶ Last Day of Session
  - May 27, 2019

**November**

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	<b>12</b>	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

**January**

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	<b>8</b>	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

**March**

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	<b>8</b>	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

**May**

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	<b>27</b>	28	29	30	31	

# Version Control

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- Introduced/Filed: First version of the bill to receive a fiscal note. FN prepared before bill is heard.
- As Amended/Committee Substitute.
- Engrossed: Bill as passed by originating chamber. FN prepared before the hearing in the 2<sup>nd</sup> house.
- As Amended/Committee Substitute, 2<sup>nd</sup> House.
- As Passed 2<sup>nd</sup> House: bill as amended in the second chamber.
- Conference Committee Report: Resolved bill.



# Types of Fiscal Notes

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## **No Fiscal Implication (NFI)**

Implementing the provisions of the bill would not require any additional resources from the state, nor would there be any state revenue impact.

## **No Significant Fiscal Implication (NSFI)**

The change in resources necessary to implement a program is insignificant relative to the budget of an affected agency and could be reasonably absorbed within an agency's current appropriation level.

## **Fiscal Implication (Cost/Savings/Gains/Loss)**

Implementing the provisions of the bill would require additional resources, and/or there could be state revenue impact.

# Identifying Fiscal Issues

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## **Examples of examined issues include:**

Fiscal Issues: Costs, Savings, Revenue Gains, Revenue Losses

Full-time Equivalent (FTE) positions: Number and types

Costs/Revenue change over time: Factors in the legislation or assumptions about program growth

One-time start-up costs

People/Entities subject to the program

Time lag before full effects

More/Fewer agencies working on the program: Raising more revenue/saving money

Sales transactions, prices, utilization

# Key features of fiscal note analysis

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All analysis is relative to current law.

- How would the bill change?
- What is the agency being asked to do?
- How would revenue change compared to current law?

The fiscal note does not address year-to-year changes that would happen irrespective of the legislation.

Analysis is generally limited to only those parts of the bill that would create a fiscal impact.

Estimates do not include costs due to inflation.

Estimates should only include direct impacts; secondary impacts are excluded from fiscal note estimates, but in some cases may be referenced in the text.

Legislation that is permissive is treated as directive; e.g., “may” is treated as “shall.” We consider “may” to be an authorization to expend funds, and our approach is reasonable to ensure that the FN provides a full examination of probable cost.

# Key features of fiscal note analysis

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- LBB estimates may agree or differ with information provided by state agencies.
- If an agency resubmits information that differs substantially from its original submission, the LBB will evaluate that information and use whichever submission is determined to be most accurate and reliable.
- The LBB is not required to use agency estimates of costs, impacts, caseloads, etc. LBB staff are informed by the agency responses, but not obligated to them.
- Assumptions, agency sources, and other sources are noted in the methodology section of the fiscal note.